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Host: Welcome back. Today, we are diving into the mechanics of economic collapse, specifically focusing on the transition from a debt crisis into what historical patterns suggest is an inevitable "reset."

Pt 4 The Fatal Choice of Stage Three

When a government enters "Stage Three" of an economic collapse, it faces a stark choice: **default on its debt, restructure that debt, or attempt to inflate it away**. History shows us that governments often choose the third option: printing money.

The most extreme example of this occurred in **Weimar Germany** (referred to in the sources as "VHimar"). Following 1918, Germany owed 150 billion marks in war reparations—a debt that surpassed their entire annual economic output. To manage this, the government began printing money to cover expenses and service the debt.

The Illusion of Recovery

Initially, this strategy appears to be a miracle cure. Between 1919 and 1921, German industrial production actually increased, unemployment dropped, and citizens suddenly had money to spend after years of wartime rationing. This is the most dangerous part of "Stage Four": **it feels like the solution is working**, even though the underlying economy is being hollowed out.

However, the sources explain that math eventually overrides the illusion. Consider the price of a loaf of bread in Weimar Germany:

- **January 1919:** 0.29 marks
- **January 1922:** 3.5 marks
- **January 1923:** 700 marks
- **September 1923:** 1.5 million marks
- **November 1923:** 200 billion marks.

Hyperinflation is not a slow, steady climb; it is a **sudden acceleration** that occurs the moment public confidence breaks. In Germany, this wiped out the middle class in a matter of months, forcing workers to be paid twice a day just to spend their wages before they became worthless.

The Modern Parallel: 2020–2021

The sources draw a direct comparison between these historical events and recent U.S. monetary policy. In just two years (2020–2021), the United States created more money than it had in the previous two centuries combined. Specifically, the **M2 money supply grew by 40%**, jumping from $15.5 trillion to $21.7 trillion.

While we haven't seen "million-dollar bread" yet, the sources argue there is always a **lag between money creation and price inflation** because new currency flows through the economy in stages:

1. **Stage 1:** It hits financial assets first—driving stocks, real estate, and cryptocurrencies "to the moon".
2. **Stage 2:** It eventually hits commodities and consumer goods.

The sources suggest that the inflation experienced in 2022 and 2023 was not merely a "supply chain problem," but rather a fundamental **monetary problem** caused by increasing the money supply by 40% while economic output was actually shrinking.

The Inevitability of Stage Six

According to the sources, no civilization in 2,000 years of history has ever escaped Stage Three without proceeding to a full **Stage Six reset**. Whether it was the gradual debasement of currency in Rome, the violent revolution in France, or the 2001 debt default in Argentina, the outcome remains the same: the existing system breaks, and a new one is born from the ashes.

The sources point to a terrifying historical benchmark: **100% of societies** that reached the point where interest payments consumed their economic growth ended in a reset. According to a study by the World Gold Council, the average time from the moment interest payments exceed **15% of tax revenue** to a full-blown crisis is remarkably consistent.

Analogy for Understanding: Think of a massive forest fire. Printing money is like spraying the forest with gasoline to keep the "greenery" looking bright and vibrant for a few more days. For a while, the forest looks lush because of the moisture, but the moment a single spark of "lost confidence" hits, the entire ecosystem goes up in flames far faster than anyone expected because the fuel was already everywhere.